

Frequently Asked Questions (FAQs) NSF's Revised Cost Sharing Policy

1/10/11

Why did NSF revise its cost sharing policy and what are the major changes?

The National Science Board issued a report entitled “*Investing in the Future: NSF Cost Sharing Policies for a Robust Federal Research Enterprise*” (NSB 09-20, August 3, 2009), which contained eight recommendations for NSF regarding cost sharing. NSF revised its policy in order to implement the Board's recommendations. The major change is that, except when required in an NSF solicitation, inclusion of voluntary committed cost sharing is prohibited. In order to assess the scope of the project, all organizational resources necessary for the project (both physical and personnel) must be described in the Facilities, Equipment and Other Resources section of the proposal (see NSF *Grant Proposal Guide* (GPG) Chapter II.C.2.i for more information). The description should be narrative in nature and must not include any quantifiable financial information. Another change is that NSF-required mandatory cost sharing will only be required when explicitly authorized by the NSF Director.

When does the new policy go into effect?

The new *Grant Proposal Guide* becomes effective for proposals submitted or due on or after January 18, 2011. More information about the revised cost sharing policy can be found in the *Proposal and Award Policies and Procedures Guide* (NSF 11-1), *Grant Proposal Guide* Chapter II.C.2.g(xi) and *Award & Administration Guide* Chapter II.B.1.a and II.D.

Can voluntary committed cost sharing be included in proposals that are due in early January, before the new policy takes effect?

While NSF does not encourage inclusion of voluntary committed cost sharing in proposals, the policy, as contained in NSF 10-1, does not prohibit it. If the due date is before January 18, 2011, the proposal would be subject to that guidance (NSF 10-1, January 2010) and proposers that include references to voluntary committed cost sharing in the proposal would not be in violation of the policy contained in NSF 10-1.

New

My solicitation deadline is January 15, 2011, which is a Saturday. Would the revised cost sharing policy apply to my proposal?

GPG Chapter I.F, states that, if the deadline date falls on a weekend, it will be extended to the following Monday. In this case, that would be January 17th, which is the Martin Luther King Jr. holiday. In cases where a due date falls on a Federal holiday, the due date is extended to the following business day. So proposals with due dates after January 14th convert to a January 18th due date and therefore must comply with the new cost sharing policy.

Does the new policy suggest that an institution must propose a minimum threshold of paid effort for faculty or senior researchers? If not, how should the institution propose unpaid effort for senior personnel?

The Board's recommendations did not suggest changes to the existing practice of sharing in the costs of faculty salaries, and NSF has not made any changes to its current salaries and wages policy. In addition, the revised GPG coverage reminds recipients that they remain subject to the

provisions of OMB M-01-06, "*Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs*," regarding requirements for committing and tracking "some level" of faculty (or senior researcher) effort as part of the organized research base.

If a PI already is charging two months of salary support per year on their active NSF award(s), should they not request support on any new proposals that are submitted? If they are not requesting salary support, would that constitute cost sharing?

As stated above, the Board noted in its report that nothing in the recommendations was meant to change NSF's current salaries and wages policy. Therefore, PIs should include in their proposals the amount of time they are planning to spend working on the project, should it be funded. Awardee organizations also may, at their discretion, continue to contribute voluntary uncommitted cost sharing to NSF-sponsored projects.

Should a PI have other NSF award(s) with salary support and the new proposal would put them over the two months of support in any one year policy, then per the GPG Chapter II.C.2.g.(i), they will need to justify in the budget justification why support for the pending project is needed. The Program Officer will consider this and determine if it is feasible to support the additional time.

The GPG directs that all organizational resources available for a project should be described in the Facilities, Equipment and Other Resources section of the proposal. The Board's report defines this to include physical and personnel resources. Since the Facilities section is not part of the budget, it does not meet the definition of cost sharing in 2 CFR § 215.23 and therefore the resources described there would not be considered voluntary committed cost sharing.

If an institution addresses voluntary committed cost sharing in the proposal narrative, how will NSF proposal reviewers respond?

The GPG is very clear that inclusion of voluntary committed cost sharing is prohibited in NSF proposals, unless specifically required by a program solicitation. Chapter II.C.2.i directs proposers to include an aggregated description of the resources that the organization will provide to the project, should it be funded. Such information must be provided in the Facilities, Equipment and Other Resources section, in lieu of other parts of the proposal such as the budget justification or project description. The description should be narrative in nature and must not include any quantifiable financial information. Reviewers will be directed to the Facilities section of the proposal and will be asked to evaluate the information during the merit review process.

What are the consequences if a proposer includes voluntary committed cost sharing in a proposal? Will the proposer be given the opportunity to remove the reference or will the proposal be returned without review?

As stated above, inclusion of voluntary committed cost sharing is prohibited for proposals submitted or due on or after January 18, 2011, unless otherwise specified in the solicitation. While references to voluntary committed cost sharing may not always be identified during initial administrative screening of proposals, should violations of the policy be found during merit review or budget negotiation, the proposer does run the risk of the proposal being returned without review or declined.

Would effort shown on the Current and Pending Support section of the proposal that is not reflected on the proposal budget be considered voluntary committed cost sharing?

The purpose of the current and pending report section is to assess possible PI and other senior personnel commitments and get a general sense of what other projects require a portion of their time. The section may include everything from planned, to pending, to current projects and NSF uses it strictly for informational purposes. Current and pending support is not part of the budget and so does not meet the definition of cost sharing in 2 CFR § 215.23. Therefore NSF would not consider effort shown on the current and pending support section to be voluntary committed cost sharing.

New

Following on from the question above, if an organization is making a voluntary contribution of time and effort, does that need to be included in the effort reporting certification?

Based on OMB Circular A-21, the time and effort report should reflect an after the fact distribution of the **actual** activities for which that employee was compensated. Therefore, if an employee was working on a sponsored research project as voluntary uncommitted cost sharing, than that should be reflected in the time and effort reports. The change in the NSF cost sharing policy does not overrule the requirements of the OMB regulations.

New

Can descriptions of the resources available for a project be included in sections other than Facilities, Equipment and Other Resources?

The Facilities, Equipment and Other Resources section should contain an aggregated description of the resources that the organization will provide to the project, should it be funded. Narrative descriptions of the resources available (both physical and personnel) should be included in the Facilities section and not in other areas of the proposal.

New

Is an organization obligated to provide the resources described in the Facilities, Equipment and Other Resources section, should an award be made? What should an awardee do if they cannot provide some of those resources?

The resources described in the Facilities, Equipment and Other Resources section are evaluated during the merit review process and NSF does have an expectation that they will be made available, should the proposal be funded. Therefore, organizations do need to ensure that they are provided if an award is made.

Should an awardee not be able to provide some of those resources, they should discuss the situation with the cognizant NSF Program Officer. Prior NSF approval is required for any change to the Facilities, Equipment and Other Resources section of an approved proposal that would constitute a change in objectives, scope or methodology (see the *NSF Award & Administration Guide* (AAG) Chapter II.B.1 for further information).

New

If a solicitation requires cost sharing but exempts some types of organizations from the mandatory cost sharing requirement (for example, the Major Research Instrumentation solicitation), are those organizations also exempt from NSF's revised cost sharing policy?

No, exemption from a mandatory NSF cost sharing requirement does not exempt an organization from complying with NSF's revised cost sharing policy, which prohibits voluntary

committed cost sharing. Put another way, proposers must comply with the revised cost sharing policy even if they are exempt from a specific mandatory cost sharing requirement.

What about situations where senior project personnel want to donate time to the project and not request salary support? How should this be reflected on the budget?

As stated above, inclusion of voluntary committed cost sharing is prohibited for proposals submitted or due on or after January 18, 2011, unless otherwise specified in the solicitation. While senior project personnel may be listed with zero person-months and \$0 salary, specifying person-months but requesting no salary support on the budget would constitute voluntary committed cost sharing and therefore is not allowed.

For proposals requesting no effort and salary on the budget, awardees must be aware that should an award be made, they remain subject to the provisions of OMB M-01-06 "*Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs*," regarding requirements for committing and tracking "some level" of faculty (or senior researcher) effort as part of the organized research base.

In the past, for some doctoral dissertation and fellowship programs, person months for the student/fellow are listed on the budget but no salary. How should this be handled under the new cost sharing policy?

New

For these types of situations, the student/fellow should be listed on the NSF Cover Sheet but will need to be removed from the NSF budget. This can be done by clicking on their name in the budget format and then clicking "Check to remove". Because their name appears on the Cover Sheet, their name will still be included in the award notice, should the proposal be funded. The faculty advisor may continue to be listed as PI on the budget with zero person months and \$0 salary. The Facilities, Equipment and Other Resources section should contain an aggregated description of the resources that the organization will provide to the project (both physical and personnel), should it be funded.

If senior project personnel plan to spend additional time working on the project, if it is funded, how should this be reflected in the proposal?

New

As discussed above, the Board's recommendations did not suggest changes to the existing practice of sharing in the costs of faculty salaries, and NSF has not made any changes to its current salaries and wages policy. With regard to how this should be reflected in the proposal, the budget should only show the salary being requested and the corresponding person months related to that salary for the senior personnel.

While the Current and Pending Support section may show the total person months projected to be spent working on the project by the senior personnel, the Facilities, Equipment and Other Resources section is what should be used to provide a narrative description of the resources available (both physical and personnel) to the project.

In solicitations that limit or do not allow indirect cost rate recovery and the organization has a federally approved rate, is that considered voluntary committed cost sharing? How should proposals to such solicitations be handled?

New

There are current solicitations that limit indirect cost rate recovery that were issued prior to announcement of the change in NSF's cost sharing policy. Since they pre-date the policy

change, proposers will have to follow the provisions contained in the solicitation and develop the budget in compliance with solicitation instructions. All new funding opportunities are being screened for this issue during the NSF clearance process. Any documents that contain indirect cost rate limitations will require the specific review and approval of the NSF Director.